

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



December 31, 2014

Juli Mosley - Board chair  
Nashville Public Library Foundation  
615 Church Street  
Nashville, TN 37219

Dear Ms. Mosley:

Please find attached the Monitoring Report of the Nashville Public Library Foundation relating to the contract it had with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2014.

The Office of Financial Accountability is charged with the responsibility of monitoring grant funds, including Community Enhancement Funds, from Metropolitan Nashville Government to any nonprofit organization. Staff from the Office of Financial Accountability conducted the review on October 2, 2014.

We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at 615-862-6712.

Sincerely,

*Kevin Brown*

Kevin Brown

cc: Tari Hughes, President  
Richard M. Riebeling, Director of Finance  
Talia Lomax-O'dneal, Deputy Director of Finance  
Gene Nolan, Deputy Director of Finance

Fred Adom, Office of Financial Accountability  
Kim McDoniel, Chief of Accounts  
Mark Swann, Internal Audit  
Essie Robertson, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

# Nashville Public Library Foundation

◆ Monitoring Report ◆

Conducted by



**Office of Financial Accountability**

December 31, 2014

# MONITORING REPORT

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## TABLE OF CONTENTS

INTRODUCTION .....	5
OBJECTIVES, SCOPE AND METHODOLOGY .....	6
RESULTS OF REVIEW .....	7
FINDINGS AND RECOMMENDATIONS .....	11

## INTRODUCTION

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The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of Nashville Public Library Foundation. A monitoring review is substantially less in scope than an audit. The OFA did not audit the financial statements and, accordingly, does not express an opinion or any assurances regarding the financial statements of the Nashville Public Library Foundation or any of its component units. The OFA is responsible for the internal monitoring of Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”) agencies that receive federal and state financial assistance, including cooperative agreements and non-profit organizations that receive appropriations and Community Enhancement Funds from Metro government. In summary, any agreement(s) that imposes performance and/or financial requirements on Metro government is subject to review by the OFA.

The purpose of this review was to assess the agency’s compliance with contractual requirements set forth in the following contract with Metro Government:

<b>Contract</b>	<b>Type</b>	<b>Amount</b>	<b>Contact Term</b>	
L-3037	Community Enhancement Funds	\$34,400	July 1, 2013	June 30, 2014

### **Agency Background**

The mission of the Nashville Public Library Foundation is to raise private funds to enhance the programs, facilities and collections of the Nashville Public Library. Gifts to Nashville Public Library Foundation help the library go above and beyond to create a more literate, more educated and more connected Nashville community. The Foundation helps to provide funding for the following programs:

- “Bringing Books to Life!” provides preschool literacy curriculum for teachers, story times and traveling puppet shows for kids as well as encouragement for families to read and learn together.
- “Mobile Job Search Lab” provides assistance with personal resumes, cover letters, and job applications by traveling across Davidson County.
- “Salon@615” provides an opportunity for authors to talk about their work.
- “Limitless Libraries” a partnership with Metro Nashville Public Schools.

## OBJECTIVES, SCOPE AND METHODOLOGY

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The objectives of our review were:

- 1) To determine whether the agency had the resources and capacity to administer the grant funds.
- 2) To determine if costs and services were allowable and eligible.
- 3) To verify that program objectives were met.
- 4) To test the reliability of the financial and programmatic reporting.
- 5) To verify contractual compliance.

The scope of our review was limited to the contract term July 1, 2013 through June 30, 2014.

Audit procedures included meeting with agency management and staff, reviewing the design of internal controls as a basis for establishing our testwork, reviewing board minutes and obtaining written representations from management. In addition, we examined certain financial records and supporting documentation necessary to ensure compliance with contractual requirements set forth in contract L-3037. Specific procedures included:

- Interviewing the employees responsible for grant management, financial reporting and accountability.
- Reviewing supporting documentation of expenditures for allowability, necessity and reasonableness.
- Reviewing the agency's general ledger and verifying the accuracy of all invoices submitted to Metro.
- Reviewing documentation to determine that funds were used for intended beneficiaries and expended in accordance with the spending plan of the contract.
- Reviewing documentation to support program activities for consistency with grant requirements.
- Assessing the financial stability of the agency and its ability to continue to administer the grant program funded by Metro.

## RESULTS OF REVIEW

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### SUMMARY OF RESULTS

Criteria	Yes	No
Sufficient Resources and Capacity to Administer Funds?	✓	
Costs and Services Allowable and Eligible?		✓
Program Objectives Met?		✓
Reporting Requirements Met?	✓	
Sufficient Internal Control Environment?	✓	
Compliance with Civil Rights Requirements?	✓	

## RESULTS OF REVIEW

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The overall results of the monitoring review are provided in this section. Results are based on testwork performed and include conclusions regarding specific review objectives and, if applicable, recommendations for improvement and an action plan for implementation. Where applicable, the Findings and Recommendations section of this report provides more insight into any issues identified below.

### **1. Sufficient Resources and Capacity to Administer Grant Funds**

Our review of the agency's accounting system and the qualifications of the individuals assigned to manage the accounting records indicate that the agency possesses the necessary resources and professional expertise to effectively administer the grant funds.

### **2. Allowable and Eligible Costs and Services**

Our review covered all of the core compliance areas identified by OMB Circular A- 133: *Audit of States, Local Government, and Non-Profit Organizations*. Costs incurred by the agency complied with applicable guidelines stated in OMB Circular A-122.

Additionally, the Metro Grants Manual requires separate accounting of the Metropolitan Nashville Government grant funds to prevent co-mingling of Metro Funds with other sources of funding. The agency is in compliance with this requirement. Different revenue classes as well as expenditure classes have been established to separately track the sources and amounts of funding. Also, the agency can easily and accurately report their expenses supported by the Metro Appropriation.

The agency failed to maintain adequate supporting documentation for client eligibility. The contract stipulates that the grant funds were to be used to benefit documented residents of Nashville and Davidson County. Because supporting documentation regarding eligibility was inadequate, we were unable to determine if all of the community enhancement funds were used to benefit residents of Nashville and Davidson County. Finding #2 in the Findings and Recommendations Section provides additional details.

## **RESULTS OF REVIEW**

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### **3. Program and Performance Objectives**

The contract stipulates that the agency shall use the funds for the Bringing Books to Life (BBTL) program that will serve at least 1,500 parents to participate in 5 different workshops; reading, writing, play, home learning, and “Every Child Ready to Read” with the following outcomes:

- 75% of participants will report learning about their child’s literacy
- 75% of participants will be inclined to use the library as a resource and
- 75% of participants will report an increase in their literacy activities at home

Based on our review of program documentation and discussions with staff, not all program performance objectives were met and the agency is not in compliance with contractual program objectives. Finding #1 in the Findings and Recommendations Section provides additional details.

### **4. Reliability of Financial and Programmatic Reporting**

The contract requires submission of an annual audit report performed by a Certified Public Accountant. The contract also requires the agency to submit to Metro year end reports of the program outcome and a final expenditures report, no more than 45 days after the close of the contract.

We reviewed all applicable financial and programmatic reports required by the contract, including audited financial statements. Based on our review, the agency complied with all financial and programmatic reporting requirements.

### **5. Internal Control Environment**

In order to determine the adequacy of the design of internal controls, we obtained and reviewed an independent auditor’s report on internal control over financial reporting and/or a completed internal control questionnaire. This audit procedure was performed solely as a basis for determining our test work and to assist us in making suggestions for improvement to management. We did not evaluate the operating effectiveness of internal controls over financial reporting.

## RESULTS OF REVIEW

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Our review of the design of the agency's internal controls did not reveal any control deficiencies. Further, nothing came to our attention that would necessitate suggestions for improvement in internal control activities to management.

### **6. Civil Rights Requirements**

Our review did not reveal anything to indicate that the agency was noncompliant with civil rights requirements. The agency also has necessary written policies and procedures relating to civil rights. The agency has not received any complaints regarding any form of discrimination. Further, civil rights and ADA postings are publicly displayed.

### **1. Program Performance Goals Not Met**

#### **Finding**

One of the agency's contractual program objectives was not met:

- Will offer Bringing Books To Life program that will serve at least 1500 parents to participate in 5 different workshops; reading, writing, play, home learning and "Every Child Ready To Read."

The program performance objective required 1500 parents to participate in the different workshops. Based on our testing and the documentation provided, we found 991 individuals participated in the workshops. That number includes several children as well as parents. We were unable to determine the total number of parents due to the documentation provided.

#### **Recommendation:**

Information pertaining to program objectives in the Final Program Report should be based on actual results and supported by written documentation. The established performance objectives should be objective and reasonable. In addition, management should review the achievement of those objectives before they are reported to the Metro Office of Grants Coordination, in order to ensure their accuracy.

### **2. Eligibility Requirements Not Met**

#### **Finding**

Our review revealed that the Nashville Public Library Foundation does not maintain adequate documentation to support the program participant's eligibility. Tests revealed that documentation to support residence eligibility was missing.

Per the contract section A.3. "The recipient shall utilize Metro funding only for services the Recipient provides to documented residents of Davidson County. Documentation of residency shall be established with a recent utility bill; voter's registration card; driver's license or other government issued-ID; current record

## FINDINGS AND RECOMMENDATIONS

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from a school showing address; affidavit by landlord; or affidavit by a nonprofit treatment, shelter, half-way house, or homeless assistance entity located within Davidson County.” Utilization of Metro funding for services to non-Davidson County residents is unallowable.

### **Recommendation:**

The agency should ensure that documentation to support a participant’s residence is maintained and included in the participant’s / program’s file.

### **Corrective Action Plan Required**

Please submit a corrective action plan indicating the actions the agency intends to take to correct the findings identified in this report. The corrective action plan should be submitted within 30 days from the report date to the address below:

Division of Grants Coordination  
PO Box 196300  
Nashville, TN 37219  
ATTN: Dennise Meyers